



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 6, 2016
FROM: INTERNAL AUDIT DIVISION WARDS: ALL
**SUBJECT: ACTION PLAN UPDATE TO STRENGTHEN THE INTERNAL AUDIT DIVISION
BASED ON THE INDEPENDENT AUDIT REPORT (PEER REVIEW)**

ISSUE:

Receive, review, and provide input on the Action Plan update prepared by staff to implement recommendations from the Independent Audit Report (peer review) for the Internal Audit Division.

RECOMMENDATION:

That the City Council receive, review, and provide input on the Action Plan update to implement recommendations from the Independent Audit Report (peer review) of the Internal Audit Division.

COMMITTEE RECOMMENDATION:

The Governmental Affairs Committee met on November 2, 2016 with Chair Andy Melendrez, Vice Chair Mike Gardner, and Member Paul Davis present to receive, review, and provide input on the Action Plan update prepared by staff to implement recommendations from the Independent Audit Report (peer review) for the Internal Audit Division. After discussion, the committee unanimously voted to recommend that the City Council receive, review, and provide input on the Action Plan update prepared by staff to implement recommendations from the Independent Audit Report (peer review) for the Internal Audit Division.

BACKGROUND:

On February 23, 2016 an Independent Audit Report (peer review) for the Internal Audit Division was presented to the City Council. The agenda item included an Action Plan in response from staff to each of the 43 recommendations. City Council accepted the report and directed the Internal Audit Division staff to return in nine months with an update.

DISCUSSION:

Independent of the Internal Audit Division peer review conducted by Courtney Ruby Consulting Services, the City Manager's Office and Internal Audit reevaluated the services provided by Internal Audit, and changes necessary to enhance the value of Internal Audit's work to the various City departments, decision makers and City residents. The reassessment identified four areas where changes were necessary:

1. Organizational and Functional Reporting - Formalize the role of Internal Audit through Governing Rules; establish a functional reporting relationship with the City Council through a City Council Committee.
2. Organizational Framework - Capacity and capability through which Internal Audit can evolve as it defines, implements, measures, controls and improves its processes and practices.
3. Services and Quality Control - Adopt Government Auditing Standards; develop quality assurance and continuous improvement programs.
4. Marketing - Promote the value of Internal Audit internally and externally.

The independent peer review included 43 recommendations that align with the above four categories. To date the majority of the actions (37) have been implemented, and the few remaining recommendations (6) will be addressed within the next twelve months.

The Internal Audit Division will provide another update on the Action Plan in November 2017.

FISCAL IMPACT:

There is no fiscal impact associated with review of the Action Plan at this time.

Prepared by: Cheryl Johannes, Internal Audit Manager
Approved by: Marianna Marysheva, Assistant City Manager
Certified as to
availability of funds: Scott G. Miller, PhD, Chief Financial Officer/City Treasurer
Approved as to form: Gary G. Geuss, City Attorney

Concurs with:



Andy Melendrez, Chair
Governmental Affairs Committee

Attachments:

1. Action Plan Update of the Independent Audit Report of the Internal Audit Division
2. Presentation